

AMENDED IN ASSEMBLY MARCH 19, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2128

Introduced by Assembly Member Gordon

February 20, 2014

An act to amend ~~Section~~ *Sections 926.2 and 12939.2* of the Insurance Code, relating to insurer investments.

LEGISLATIVE COUNSEL’S DIGEST

AB 2128, as amended, Gordon. Insurer investments: community development.

Existing law requires each admitted insurer to provide information by January 1, 2014, to the Insurance Commissioner on all of its community development investments and community development infrastructure investments, ~~as defined,~~ in California. *Community development investments are investments where all or a portion of the investment has as its primary purpose community development for, or that directly benefits, California low- or moderate-income individuals, families, or communities, and includes, but is not limited to, investments in California in or through the California Organized Investment Network (COIN), certified community development financial institutions (CDFIs), and investments made pursuant to the requirements of federal, state, or local community development investment programs or community development investment tax incentive programs, including green investments, if these investments directly benefit low- or moderate-income individuals, families, and communities and are consistent with applicable provisions.* The commissioner and the Department of Insurance are required to provide certain information on ~~these community development investments and community~~

development infrastructure investments to the public, as specified, by May 31, 2014, and biennially with regard to green investments. These provisions are to remain in effect only until January 1, 2015, and are repealed as of that date.

This bill would extend the repeal date to January 1, 2020.

Existing law requires the department, COIN, or any successor thereof, to require the CDFIs receiving specified tax credit investments to submit reports to the department, COIN, or any successor thereof, on their use of the program. Existing law authorizes the commissioner to establish and appoint a California Organized Investment Network Advisory Board. The term of each board member is 2 years and is staggered as provided. The board has certain powers and duties, including, but not limited to, advising COIN, or any successor thereof, on the best methods to increase the level of insurance industry capital in safe and sound investments while providing fair returns to investors and social benefits to underserved communities, meeting quarterly or as deemed necessary by the commissioner, and recommending programmatic guidelines, but not specific allocations of the tax credit amount, to the COIN program. The provisions regarding the board are in effect only until December 1, 2015, and are repealed as of that date.

This bill would authorize the commissioner, in his or her discretion, to extend or reduce a board member's 2-year term, and would delete the staggered terms requirement. The bill would delete the quarterly meeting requirement, and would instead require a minimum of 3 or more meetings per year. The bill would also extend the repeal date to January 1, 2020.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 926.2 of the Insurance Code is amended
- 2 to read:
- 3 926.2. (a) (1) Each insurer admitted in California shall provide
- 4 information, by January 1, 2014, to the commissioner on all of its
- 5 community development investments and community development
- 6 infrastructure investments in California. This information shall be
- 7 provided as part of the required filing pursuant to Section 900 or
- 8 Section 11131, or through a data call, or by other means as
- 9 determined by the commissioner. COIN shall provide insurers

1 with information on why investments, if any, were found not to
2 be qualified by the commissioner.

3 (2) Nothing in this subdivision shall preclude an insurer that is
4 a member of an insurance holding company system, as defined in
5 Article 4.7 (commencing with Section 1215) of Chapter 2, from
6 complying with paragraph (1) through a single filing on behalf of
7 the entire group of affiliated companies, provided that the data so
8 filed accurately reflects the investments made by each of the
9 affiliates, and accurately attributes, by National Association of
10 Insurance Commissioners (NAIC) number or other identifier
11 required by the commissioner, which of the investments were made
12 by each affiliated company.

13 (3) This subdivision shall not preclude an insurer from satisfying
14 the requirements of paragraph (1) through a filing made by a
15 community development financial institution, provided all of the
16 following conditions are met:

17 (A) The insurer has no less than a 10 percent ownership interest
18 in a COIN-certified community development financial institution.

19 (B) The insurer makes community development investments
20 and community development infrastructure investments in and
21 through the community development financial institution.

22 (C) The community development financial institution accurately
23 files the information required by paragraph (1) with the
24 commissioner on behalf of the insurer and accurately attributes,
25 by NAIC number or other identifier required by the commissioner,
26 which investments, including the dollar amounts of the investments,
27 were made by each insurer on whose behalf the community
28 development financial institution is reporting.

29 (b) The commissioner shall, by May 31, 2014, provide
30 information on the department's Internet Web site on the aggregate
31 insurer community development investments and community
32 development infrastructure investments. Insurers that make
33 investments that are innovative, responsive to community needs,
34 not routinely provided by insurers, qualify as green investments,
35 or have a high degree of positive impact on the economic welfare
36 of low- or moderate-income individuals, families, or communities
37 in urban or rural California shall be identified.

38 (c) The department shall also, by May 31, 2014, provide
39 information on the department's Internet Web site regarding the
40 aggregate amount of California public debt (including all debt

1 issued by the State of California or a California state or local
2 government agency) purchased by insurers as reported to the
3 department in their NAIC annual statement filing pursuant to
4 Section 900 or Section 11131.

5 (d) The department shall also, by May 31, 2014, provide on its
6 Internet Web site the aggregate amount of identified California
7 investments, as reported to the NAIC in the annual statement filed
8 pursuant to Section 900 or Section 11131.

9 (e) The department shall also biennially provide information
10 on its Internet Web site regarding the aggregate amount of
11 identified California insurer investments in green investments.

12 (f) This article shall remain in effect only until January 1, 2020,
13 and as of that date is repealed, unless a later enacted statute, that
14 is enacted before January 1, 2020, deletes or extends that date.

15 *SEC. 2. Section 12939.2 of the Insurance Code is amended to*
16 *read:*

17 12939.2. (a) The commissioner may establish and appoint a
18 California Organized Investment Network Advisory Board.

19 (b) For purposes of this section, all of the following shall apply:

20 (1) "Commissioner" means the Insurance Commissioner of this
21 state.

22 (2) "Board" means the California Organized Investment
23 Network Advisory Board.

24 (3) "Licensed attorney" means an attorney who resides in this
25 state who has successfully passed the California bar examination
26 and has been admitted to practice in this state or has otherwise
27 been licensed to practice law in this state by the State Bar of
28 California.

29 (c) The board shall include the commissioner, or his or her
30 designee, three executives in the insurance investment industry,
31 and one volunteer from each of the following categories:

32 (1) A licensed attorney practicing insurance law.

33 (2) A member of the public, appointed by the Speaker of the
34 Assembly.

35 (3) A member of the public, appointed by the Senate Committee
36 on Rules.

37 (4) A member of a consumer advocacy group.

38 (5) An affordable housing practitioner.

39 (6) A local economic development practitioner.

1 (7) A member of a financial institution or a community
2 development financial institution.

3 (8) A representative with experience seeking investments for
4 low- to moderate-income or rural communities.

5 (d) The board shall elect, from among its members, a chair.

6 (e) The term of each member shall be for two years. ~~Staggered~~
7 ~~terms shall be established by drawing lots at the first meeting of~~
8 ~~the advisory board so that a simple majority of the members shall~~
9 ~~initially serve a two-year term, and the remainder initially a~~
10 ~~one-year term, and may be extended or reduced at the discretion~~
11 ~~of the commissioner.~~

12 (f) The board shall have all of the following powers and duties:

13 (1) To advise the California Organized Investment Network, or
14 any successor thereof, on the best methods to increase the level of
15 insurance industry capital in safe and sound investments while
16 providing fair returns to investors and social benefits to
17 underserved communities.

18 (2) To meet ~~quarterly~~, *a minimum of three or more times per*
19 *year*, or as deemed necessary by the commissioner.

20 (3) To facilitate contacts among executives at insurance
21 companies, community-based organizations, and community
22 development financial institutions.

23 (4) To recommend programmatic guidelines, but not specific
24 allocations of the tax credit amount, to the California Organized
25 Investment Network program.

26 (g) The members of the board shall not receive compensation
27 from the state for their services under this section but, when called
28 to attend a meeting of the board, may be reimbursed for their actual
29 and necessary expenses incurred in connection with the meeting.

30 ~~(h) This section shall remain in effect only until December 1,~~
31 ~~2015, and as of that date is repealed.~~

32 *(h) This section shall remain in effect only until January 1, 2020,*
33 *and as of that date is repealed, unless a later enacted statute, that*
34 *is enacted before January 1, 2020, deletes or extends that date.*